

Centennial Highway Fund (See Appendix B)

The CHF (Centennial Highway Fund) was initially an 11-year \$2.4 billion program of highway projects beginning in FY 1997 and ending in FY 2007. The CHF was used to fund the \$1.56 billion I-15 reconstruction project in Salt Lake County and it is being used to fund 40 other major highway construction and reconstruction projects throughout the state. The initial plan would have provided a \$1.9 billion deficit at the end of FY 2007. However current projections show the deficit will be closer to \$1.4 billion at the end of FY 2007. Under current revenue sources the CHF debt will be paid-off in FY 2017, ten years later than planned. **This delay jeopardizes a growing list of other needed highway projects that are not on the CHF list.** At least four factors have contributed to this situation:

- CHF was needed to accomplish key highway improvements throughout the state.
- Using the CHF as a state rainy day fund jeopardizes the state's ability to address additional highway needs.

- a. \$956 million in increased project costs were added with no additional funding;
- b. General Fund contributions have not been made as initially planned resulting in:
 - additional bonding (i.e. \$1.2 billion in bonding and \$517 million additional in interest and issuance costs),
 - a disruption of planned cash flow, and
 - planned General Fund contributions being used for other state needs during recent years of state budget shortfalls;
- c. the initial project costs estimates were not complete and underestimated the cost of the projects due to the lack of project scope, hasty development of the list, and unclear understanding of project expectations; and
- d. the initial revenue package was overly optimistic (e.g. \$200 million in savings from UDOT efficiencies).

Additional bonding was added to the CHF in response to a lack of current revenue in the plan. The initial CHF plan for \$563 million in bonding included a net interest and other bonding costs of \$200 million. Instead \$1.8 billion in bonding will be needed with net interest and other bonding costs projected to be \$717 million. The increased cost associated with increased bonding and paying off ten years later than originally planned will cost an extra \$517 million.

Centennial Highway Fund Comparison*

	FY 1997 Plan to FY 2007 Pay Out	FY 2003 Plan to FY 2007	FY 2003 Plan to FY 2017 Pay Out	Difference to Pay Out FY 1997 Plan vs. FY 2003 Plan
I-15 Reconstruction	\$1,200,000,000	\$1,558,000,000	\$1,558,000,000	\$358,000,000
Other Projects and Adjustments	1,200,000,000	1,798,337,000	1,798,337,000	598,337,000
Total Capitol Expenditures	2,400,000,000	3,356,337,000	3,356,337,000	956,337,000
Net Bonding Cost	200,371,000	405,102,000	717,510,000	517,139,000
Total Cost	\$2,600,371,000	\$3,761,439,000	\$4,073,847,000	\$1,473,476,000
General Fund Revenue	\$1,214,236,000	\$1,040,518,000	\$1,731,402,000	\$517,166,000
Transportation Revenue	814,365,000	883,951,000	2,045,918,000	1,231,553,000
Federal Funds	450,000,000	450,000,000	450,000,000	0
Other Revenue	119,843,000	9,023,000	9,023,000	-110,820,000
Total Revenue	\$2,598,444,000	\$2,383,492,000	\$4,236,343,000	\$1,637,899,000
Balance at end of FY	\$1,926,000	\$1,418,277,000	\$0	\$1,416,351,000
Total Bonding	\$563,500,000	\$1,774,000,000	\$1,774,000,000	\$1,210,500,000
*Note for simplicity only major categories are shown in round numbers, in addition the table does not include \$200 million in UDOT efficiencies.				
Source: Office of the Legislative Fiscal Analyst's spreadsheets dated 3/5/97 and 7/1/03				
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